

Message Text

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50-41

ACTION NEA-16

INFO OCT-01 EUR-25 ISO-00 SP-03 AID-20 EB-11 NSC-07 RSC-01

CIEP-03 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 CIAE-00

COME-00 FRB-03 INR-11 NSAE-00 XMB-07 OPIC-12 LAB-06

SIL-01 SEC-03 DODE-00 PM-07 H-03 L-03 PA-04 PRS-01

USIA-15 DRC-01 NEAE-00 /195 W
----- 087149

P R 101207Z SEP 74

FM AMEMBASSY TEL AVIV

TO SECSTATE WASHDC PRIORITY 3847

INFO AMEMBASSY LONDON

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PLEASE PASS NEA/IAI FOR AMBASSADOR KEATING

E.O.11652: N/A

TAGS: EFIN IS

SUBJECT: ISRAEL/BRITISH BANK, LTD. FAILURE

REF: TEL AVIV 4633 AND PREVIOUS

1. FOLLOWING CABLE RECEIVED TODAY FROM WILLIAM J. LEVITT
ADDRESSED TO AMBASSADOR KEATING: " THIS IS A COPY, SELF-EXPLANATORY
OF THE CABLE SENT TO GENERAL RABIN TODAY. THE MATTER IS OF FAR
REACHING IMPORTANCE AND CAN HAVE GRAVE CONSEQUENCES.
I AM SHOCKED, OUTRAGED AND INDIGNANT AT THE ATTITUDE OF THE
BANK OF ISRAEL IN THE PRESENT FINANCIAL DEALINGS WITH
THE LEVITT FOUNDATION. AS YOU KNOW, THE FOUNDATION HAS
4.5 MILLION DOLLARS ON DEPOSIT WITH THE NOW CLOSED
BRITISH/ISRAELI BANK. THE BANK OF ISRAEL REFUSES TO RELEASE
THESE FUNDS WHICH HAVE BEEN EARMARKED FOR DISTRIBUTION TO
VARIOUS CHARITABLE INSTITUTIONS, THE MAJOR RECIPIENTS
OF WHOM WERE THOSE OF ISRAEL ORIGIN. AS YOU FURTHER KNOW,
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I HAVE BEEN A LONG TIME ACTIVE SUPPORTER OF ISRAEL,

DATING BACK TO BEFORE THE WAR OF LIBERATION AND WAS ONE OF THE MAJOR CAUSES FOR THE SUCCESS OF THAT WAR. TEDDY KOLLEK AND GOLDA MEIR CAN ATTEST TO THAT. ALSO SIMCH DINITZ AND PINHAS SAPIR AND MOSHE DAYAN AND A MAN BY THE NAME OF GENERAL RABIN. LET ME CITE A FEW ITEMS: SINCE 1948, THE LEVITT FOUNDATION POURED MORE THAN \$22 MILLION INTO ISRAELI CAUSES AND INSTITUTIONS. I HAVE DEVOTED A MAJOR PART OF THOSE YEARS TOWARD ACTIVELY WORKING ON THE UNITED JEWISH APPEAL AS GENERAL CHAIRMAN FOR GREATER NEW YORK, EMERGENCY CHAIRMAN FOR GREATER NEW YORK AND HAVE BEEN INSTRUMENTAL IN RAISING MORE THAN \$250 MILLION TO HELP ISRAEL. CHECK THAT OUT WITH ERNEST MICHEL AND CHAIM VINITSKY. MY PERSONAL COUNSEL, LESTER DEMBITZER, SPENT LAST WEEK IN ISRAEL, ATTEMPTING TO SEE MR. SANBAR. HE WAS UNABLE TO DO SO AND WAS REFERRED TO MR. LOZOWICK, COUNSEL TO THE BANK, WHO LISTENED TO HIM BUT REFUSED TO MAKE ANY DEFINITE DECISIONS. I DO NOT KNOW NOW WHAT ISRAEL EXPECTS FROM ITS HOST OF AMERICAN SUPPORTERS OF WHICH, I AM QUITE SURE I AM NUMBER 1. I RETURNED FROM A WEEK'S VISIT TO ISRAEL LAST JUNE FULL OF ENTHUSIASM AND READY NOW TO UNDERTAKE A SUBSTANTIAL AMOUNT OF BADLY NEEDED HOUSING CONSTRUCTION SENSIBLY PRICED TO HELP MEET ISRAEL'S DESPERATE NEEDS. YOU CAN UNDERSTAND THAT IN VIEW OF THE ABOVE, MY ENTHUSIASM HAS BEEN SOMEWHAT DAMPENED. I THINK THAT A PROMPT DEMONSTRATION OF YOUR KEEN THINKING AND LEADERSHIP CAN GO A LONG WAY TOWARD REVERSING AN ATTITUDE THAT NOW EXISTS. I AWAIT YOUR FAVORABLE REPLY WITH INTEREST. MY SINCERE RESPECTS, WILLIAM J. LEVITT, PRESIDENT, THE LEVITT FOUNDATION."

2. COMMENT. PRESSURE FROM U. S. CREDITORS OF IBB SEEMS TO BE ESCALATING. TWO BANKERS REPRESENTING 12 U.S. BANKS CALLED AT THE EMBASSY TODAY TO REQUEST ASSISTANCE IN RECOVERING DEPOSITS WITH LONDON SUBSIDIARY OF IBB TOTALLING \$20 MILLION. THEY HAVE APPOINTMENT WITH SANBAR, GOVERNOR OF BANK OF ISRAEL, AND HAVE ASKED OUR HELP IN OBTAINING APPOINTMENT WITH MINISTER OF FINANCE RABINOWITZ. VELIOTES AND DOZIER WILL DISCUSS MATTER SEPTEMBER 11 WITH AGMON, DG MINISTRY OF FINANCE, AND WILL SUBSEQUENTLY ADVISE BANK REPS ON TACTICS. WE WILL TAKE LINE WITH AGMON THAT LIMITED OFFICIAL USE

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SATISFACTORY RESOLUTION OF CLAIMS AGAINST IBB IS PARTICULARLY IMPORTANT AT TIME WHEN USG IS BEING ASKED TO ENCOURAGE AMERICAN INVESTMENT IN ISRAEL AND WHEN ISRAELI BORROWERS ARE INCREASINGLY DEPENDENT ON GOOD WILL OF U.S. BANKING INSTITUTIONS. VELIOTES

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